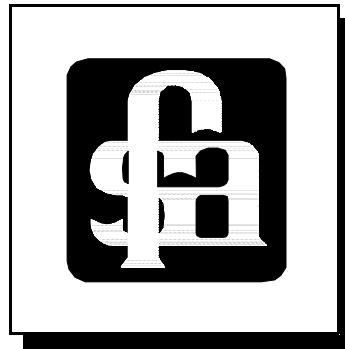


**FY 2001-02  
APPROPRIATIONS REPORT**



**SENATE FISCAL AGENCY  
LANSING, MICHIGAN**

**OCTOBER 2001**

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# **STATE APPROPRIATIONS SUMMARY**

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## STATE APPROPRIATIONS SUMMARY

The Legislature completed action on all of the fiscal year (FY) 2001-02 appropriation bills on September 27, 2001. Legislative action on the FY 2001-02 State budget focused on adjusting the level of State appropriations to ensure a balance between projected revenues and enacted appropriations. The slowdown in the United States and Michigan economies, which now appears to have begun in the second half of calendar year 2000, has resulted in significant downward adjustments in the estimates of State revenues.

The enacted FY 2001-02 appropriation bills were developed based on a consensus revenue estimate agreed to in May 2001. The May 2001 estimate provided for a projected 0.6% increase in FY 2001-02 General Fund/General Purpose (GF/GP) and a projected 4.3% increase in FY 2001-02 School Aid Fund (SAF) revenues. The major issue that emerged in the final legislative debate on the FY 2001-02 appropriation bills was the effort by the Legislature to reduce the appropriations recommended by the Governor in February 2001 to achieve a balance between enacted appropriations and the May 2001 consensus revenue estimate. Dealing with a slumping national and State economy and its impact on State revenues became the major budget issue for the first time since the national recession of the early 1990s caused similar strain on the State budget. The overall State budget condition during FY 2001-02 was also further restrained by the enacted rate reductions in the State income tax and single business tax which reduced GF/GP revenues available to support appropriations.

### FY 2000-01 APPROPRIATIONS

On an overall basis, the Legislature approved Adjusted Gross appropriations<sup>1)</sup> totaling \$37.9 billion. This represents an increase of \$882.1 million or 2.4% above FY 2000-01 year-to-date appropriations. Enacted State Spending from State Resources appropriations<sup>2)</sup> totaled \$26.3 billion, an increase of \$525.1 billion or 2.0% over FY 2000-01 year-to-date appropriations. Enacted GF/GP appropriations<sup>3)</sup> totaled \$9.6 billion, a decrease of \$171.9 million or 1.8% below the FY 2000-01 year-to-date appropriations. Table A and Figure 1 summarize these enacted appropriations by source of funds.

### Major Changes in State Appropriations

Tables B, C and D and Figures 2, 3 and 4 provide a detailed comparison of enacted FY 2001-02 with year-to-date FY 2000-01 appropriations. The tables and figures present appropriations detail by State department or program in terms of Adjusted Gross, State Spending from State Resources, and GF/GP appropriations. The following information contains a brief summary of the major FY 2001-02 appropriation changes in each budget area. All numbers are GF/GP appropriations unless otherwise noted.

**Agriculture:** The enacted budget contains no new policy initiatives. The budget does provide for a fund shift of \$4.3 million in programs funded previously from GF/GP and State Restricted revenue that will now be funded from casino-related revenues.

**Attorney General:** The enacted budget contains no new policy initiatives.

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a) Adjusted Gross appropriations are defined as Gross appropriations less interdepartmental grants received.

b) State Spending from State Resources appropriations are defined as Adjusted Gross appropriations less Federal, Local, and Private funds.

c) General Fund/General Purpose appropriations are defined as State Spending from State Resources appropriations less State Restricted appropriations.

**Capital Outlay:** The enacted budget contains a \$29.3 million increase for debt service payments on State construction projects financed by the State Building Authority. The budget includes a \$9.5 million decrease in funding for State agency special maintenance projects. The budget includes no new authorizations for the planning of State Building Authority-financed construction projects.

**Career Development:** The enacted budget contains a fund source shift to expand the welfare-to-work program in order to provide greater work opportunities for welfare recipients who are having a difficult time entering the work force. This program is funded from a combination of Federal and State GF/GP appropriations.

**Civil Rights:** The enacted budget contains no new policy initiatives.

**Civil Service:** The enacted budget contains no new policy initiatives.

**Community Colleges:** The enacted budget includes a 1.5% increase for community colleges operations. This funding will provide for a 1.0% increase across-the-board for all colleges and an additional 0.5% distributed through the Gast-Mathieu funding formula. The range of operational funding increases for the colleges is between 1.0% and 2.3%.

**Community Health:** The enacted budget assumes no funding increases for Medicaid, community mental health providers, or local public health agencies. Caseload adjustments are provided for in the budget and an additional \$8.0 million of Tobacco Settlement Trust Fund revenue is used to offset GF/GP revenues in the Medicaid program. The budget also funds the first year of the Elder Prescription Insurance Coverage program, which will provide State-financed pharmaceutical assistance for eligible senior citizens.

**Consumer and Industry Services:** The enacted budget contains \$60.0 million of new State Restricted appropriations financed from excess revenues generated from utilities as a result of utility deregulation. These appropriations would fund shutoff protection services for low income residential customers and energy conservation projects for commercial and residential customers.

**Corrections:** The enacted budget funds the operations of the existing prison and parole systems and contains no new policy initiatives. The budget does not include any funding for the new Bellemy Creek Correctional Facility in Ionia due to a reduction in the projected number of inmates in the State prison system. It is anticipated that this facility will open during FY 2002-3.

**Education:** The enacted budget contains funding for the State match for an expansion of the school breakfast program resulting from higher utilization by eligible students.

**Environmental Quality:** The enacted budget includes reductions in the GF/GP support for the environmental cleanup and redevelopment program and the underground storage tank cleanup program. The budget also includes \$1.5 million of increased funding that will be necessary due to the relocation of the Department's Lansing headquarters to the new Constitutional Hall office building.

**Executive:** The enacted budget contains no new policy initiatives.

**Family Independence Agency:** The enacted budget provides for the final year of appropriation of the Federal Temporary Assistance for Needy Families (TANF) block grant for the transition of welfare recipients to the workforce. The State's Family Independence Program, funded by the TANF block grant and State matching funds, assumes a 9,300 case increase to an average of 75,000 cases. Other adjustments include caseload reductions in day care services, State disability payments and supplemental security income assistance payments. Funding increases are provided to meet the anticipated cost of providing child care services. The budget also includes a 1.0% increase for foster care and adoption subsidy families.

**Higher Education:** The enacted budget includes a 1.5% increase for university operations. This funding is distributed among the universities with overall increases ranging from 1.5% to 1.7%. Funding for the Merit Award Scholarship program is increased by 13.7% to reflect estimated program costs.

**History, Arts, and Libraries:** The enacted budget includes the first year appropriations for the newly created Department. This Department contains programs previously administered by the Library of Michigan, the Department of Consumer and Industry Services, the Department of Natural Resources, and the Department of State. The enacted budget does contain a \$2.5 million funding increase for arts grants and a new \$1.0 million direct grant to the Museum of African-American History in Detroit.

**Judiciary:** The enacted budget contains \$10.7 million of funding increases to fund the full-year costs of judges' salaries recommended by the State Officers Compensation Commission. In addition, \$2.9 million of increased funding is provided to fund information technology improvements in the judiciary system across the State.

**Legislature:** The enacted budget contains \$3.9 million of funding increases to fund the full-year costs of legislators' salaries recommended by the State Officers Compensation Commission.

**Management and Budget:** The enacted budget contains no new policy initiatives. The GF/GP appropriation is reduced to reflect the fact that cost increases to provide office space for State employees that will occur during FY 2001-02 were built into the FY 2000-01 budget and allowed to carry-forward into the 2001-02 fiscal year.

**Military and Veterans Affairs:** The enacted budget contains no new policy initiatives.

**Natural Resources:** The enacted budget contains reductions in several programs funded primarily from Game and Fish Protection Fund revenues to reflect estimated available revenues. These programs include a customer service initiative, wildlife biologists, and conservation officers. The budget also includes \$0.5 million for the enforcement of the consent decree reached between the State and Native American tribes concerning commercial fishing in the Great Lakes.

**School Aid:** The current status of the FY 2001-02 enacted budget for State aid to the K-12 public school system is a result of appropriations originally made in May 2000 and adjustments to those original appropriations made in September 2001. On an overall basis, State aid to K-12 education will increase by 5.2% during FY 2001-02. The basic foundation allowance is funded at a minimum of \$6,300 per pupil with a equity payment of up to an additional \$200 per pupil to ensure all per pupil funding reaches \$6,500. This basic foundation allowance increase represents a 5.0% increase from the FY 2000-01 level. Major categorical grant programs receiving funding increases include at-risk programs and special education. Categorical programs subject to funding reductions include school readiness, reading programs, elementary summer school program, and adult education.

**State:** The enacted budget contains no new policy initiatives.

**State Police:** The enacted budget contains no new policy initiatives. The budget does include funding increases for a bomb squad unit, secondary road patrol grants to county sheriffs, and motor carrier enforcement.

**Strategic Fund Agency:** The enacted budget contains no new policy initiatives.

**Transportation:** The enacted budget contains no new policy initiatives and provides for the distribution of Federal and State Restricted transportation funds through the formulas provided for in State law.

**Treasury-Operations:** The enacted budget contains no new policy initiatives. The budget reflects GF/GP appropriation savings resulting from the final funding of a departmental technology initiative and reductions in tax increment financing payments to local units of government due to re-estimation of program costs.

**Treasury-Debt Service:** The appropriation for debt service payments on State general obligation bonds will total \$105.3 million. This represents a 15.9% increase over the prior fiscal year.

**Treasury-Revenue Sharing:** The enacted budget provides for a 1.4% overall increase in revenue sharing payments to cities, villages, townships, and counties.

## **GUBERNATORIAL VETOES**

The Governor, through his constitutional line-item veto authority, vetoed \$37.4 million of Adjusted Gross appropriations and \$28.4 million of GF/GP appropriations. Included in these vetoes were two vetoes in the K-12 School Aid budget that resulted in a \$28.0 million increase in appropriations. These School Aid vetoes were of appropriation reductions approved by the Legislature. The veto of these appropriation reductions by the Governor restored the funding to the previously approved level. These line-item vetoes are summarized in Table E and discussed in detail in the individual departmental sections of this report.

## **FEE INCREASES**

The FY 2001-02 appropriation bills include the appropriation of \$4.3 million of new fee revenues. Table F provides a summary of these fee increases.

## **TOBACCO SETTLEMENT APPROPRIATIONS**

As part of the master settlement agreement between the states and the United States tobacco industry, the State of Michigan is scheduled to receive an estimated \$321.1 million of tobacco settlement funds during FY 2001-02. These funds are subject to the legislative appropriation process and can be appropriated for any purpose. Table G provides a summary of the enacted FY 2001-02 appropriation of tobacco settlement funds. The Legislature approved tobacco settlement appropriations of \$310.2 million. In addition, a total of \$75.5 million of tobacco settlement funds was transferred to the General Fund. The \$385.7 million of total of FY 2001-02 appropriations and transfers to the General Fund will exceed the projected

level of revenues received by \$64.6 million. The difference is made up from interest earnings from tobacco settlement funds and surplus revenue not appropriated during FY 2000-01. The tobacco settlement funds are appropriated from two separate trust funds. The Merit Award Trust Fund and the Tobacco Settlement Trust Fund are created by statute to receive a fixed percentage of total tobacco settlement funds received by the State. During FY 2001-02, the Merit Award Trust Fund receives 75% of the total tobacco settlement revenues and the Tobacco Settlement Trust Fund receives the remaining 25% of tobacco settlement revenues.

## **PROJECTED YEAR-END BALANCE**

The level of FY 2001-02 appropriations approved by the Legislature and signed into law by the Governor was based on a consensus estimate of the level of GF/GP and SAF revenues available for expenditure. The FY 2001-02 consensus estimate that was the basis for the budget was developed at the Consensus Revenue Estimating Conference held on May 15, 2001. The enacted FY 2001-02 GF/GP and SAF budgets provide a balance between estimated revenues and expenditures pursuant to constitutional requirements.

Table H provides a summary of the projected \$1.0 million FY 2001-02 GF/GP year-end balance. Table I provides a summary of the \$5.6 million FY 2001-02 SAF year-end balance.

## **STATE EMPLOYMENT LEVELS**

Table J and Figure 5 provide a summary of State classified full-time equated (FTE) employees appropriated in FY 2001-02 versus the year-to-date level of FTE employees appropriated in FY 2000-01. Total appropriated FTE employees in FY 2001-02 are 64,053.4, a decrease of 549.1 or 0.8% from the prior year. As has been the case for a number of years, the employment level of the Department of Corrections represents the largest level of classified FTEs in any one State department. During FY 2001-02, 19,390.5 FTEs are appropriated in the Department of Corrections. This represents 30.3% of the entire State classified work force. Most State departments, including the Department of Corrections, are having fewer FTEs appropriated in FY 2001-02 as compared with the prior fiscal year. Departments with significant increases in the number of appropriated classified FTEs during FY 2001-02 include the Department of Environmental Quality and the State Police.

## **STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT**

Article IX, Section 30 of the State Constitution of 1963 prohibits the State from reducing the portion of State appropriations paid to local units of government below the FY 1978-79 level of 48.97%. The Senate Fiscal Agency estimates that enacted FY 2001-02 appropriation bills exceed the minimum constitutional requirements by \$2.98 billion. Table K provides a summary of the calculations used to determine the State's compliance with this constitutional requirement in FY 2000-01 and FY 2001-02. Table L provides a list of State appropriations by department counted as payments to local units of government.

## **FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS**

Consistent with the practice over the past few years, at the same time the Legislature enacted the initial FY 2001-02 appropriation bills it also debated and enacted a comprehensive supplemental appropriation bill (Public Act 120 of 2001). The supplemental appropriations contained in Public Act 120 of 2001 provided for FY 2000-01 and FY 2001-02 appropriations. Table M provides a summary of the supplemental appropriation items contained

in Public Act 120 of 2001. The FY 2000-01 enacted supplemental appropriations totaled \$17.6 million of Gross appropriations and \$5.0 million of GF/GP appropriations. The FY 2001-02 supplemental appropriations totaled \$345.4 million of Gross appropriations and \$44.5 million of GF/GP appropriations. These supplemental appropriations are discussed in detail in the individual departmental summary sections of this report. In addition to the supplemental appropriations contained in Public Act 120 of 2001, the Legislature approved and the Governor signed into law a comprehensive supplemental appropriation bill for K-12 School Aid which made adjustments to previously enacted FY 2000-01, FY 2001-02, and FY 2002-03 K-12 School Aid appropriations. Table N provides a summary of the FY 2000-01 and FY 2001-02 K-12 School Aid supplemental appropriations contained Public Act 121 of 2001. Public Act 121 of 2001 reduced FY 2000-01 School Aid Fund appropriations by \$40.0 million and reduced FY 2001-02 School Aid Fund appropriations by \$62.8 million. The primary purpose of the School Aid supplemental appropriation bill was to reduce School Aid appropriations to ensure a balance between enacted appropriations and projected revenues.



Table A

FY 2001-02 YEAR-TO-DATE APPROPRIATIONS BY SOURCE OF FUNDS (Actual Dollars)					
Department/Budget Area	Adjusted Gross	Federal Funds	Local & Private Funds	Other State Restricted	General Funds
Agriculture	\$88,786,500	\$5,880,000	\$1,121,900	\$38,065,100	\$43,719,500
Attorney General	55,004,200	7,624,800	1,171,600	8,871,900	37,335,900
Capital Outlay	492,557,700	106,332,000	27,250,000	43,109,000	315,866,700
Career Development	528,776,500	463,699,900	17,374,500	11,444,500	36,257,600
Civil Rights	15,527,000	934,000	0	0	14,593,000
Civil Service	27,349,200	4,779,100	1,850,000	9,502,900	11,217,200
Community Colleges	324,596,319	0	0	5,000,000	319,596,319
Community Health	8,587,495,800	4,463,831,900	1,126,837,500	350,864,500	2,645,961,900
Consumer and Industry Services	560,336,700	239,954,500	740,000	276,870,400	42,771,800
Corrections	1,731,701,400	28,032,400	349,600	48,965,500	1,654,353,900
Education	996,159,000	942,579,100	5,571,000	14,036,000	33,972,900
Environmental Quality (Operations)	397,750,000	131,277,500	1,567,100	163,897,500	101,007,900
Environmental Quality (CMI Bond)	60,266,000	0	0	60,266,000	0
Executive	5,709,800	0	0	0	5,709,800
Family Independence Agency	3,833,417,300	2,500,201,750	100,003,750	53,233,900	1,179,977,900
Higher Education	1,947,842,366	4,900,000	0	130,273,850	1,812,668,516
History, Arts, and Libraries	41,876,200	2,554,400	502,400	2,160,500	36,658,900
Judiciary	243,221,700	3,363,200	3,755,400	56,288,900	179,814,200
Legislative Auditor General*	0	0	0	0	0
Legislature	129,376,200	0	400,000	1,478,600	127,497,600
Library of Michigan	39,308,100	4,557,400	75,000	86,900	34,588,800
Management & Budget	89,480,600	380,300	0	42,923,200	46,177,100
Military and Veteran Affairs	102,947,600	37,384,100	480,000	23,252,400	41,831,100
Natural Resources (Operations)	253,410,100	28,461,700	1,748,800	171,116,200	52,083,400
Natural Resources (CMI Bond)	0	0	0	0	0
Natural Resources Trust Fund	37,601,200	0	0	37,601,200	0
School Aid	11,458,313,400	203,000,000	0	11,049,699,900	205,613,500
State	126,512,100	1,303,600	100	64,451,900	60,756,500
State Police	394,906,300	43,211,000	3,913,700	47,611,600	300,170,000
Strategic Fund Agency	178,946,200	62,934,400	850,000	50,050,000	65,111,800
Transportation	3,076,412,900	960,483,900	5,800,000	2,110,129,000	0
Treasury (Debt Service)	105,995,000	0	700,000	0	105,295,000
Treasury (Operations)	345,750,000	33,490,000	950,100	249,214,100	62,095,800
Treasury (Revenue Sharing)	1,577,800,000	0	0	1,577,800,000	0
<b>TOTAL APPROPRIATIONS</b>	<b>\$37,854,135,385</b>	<b>\$10,280,152,950</b>	<b>\$1,303,012,450</b>	<b>\$16,698,265,450</b>	<b>\$9,572,704,535</b>

\* The appropriation for the Legislative Auditor General is transferred to a line item under the Legislature.

Figure 1

## Appropriations by Source of Funds

### FY 2001-02 Enacted Appropriations

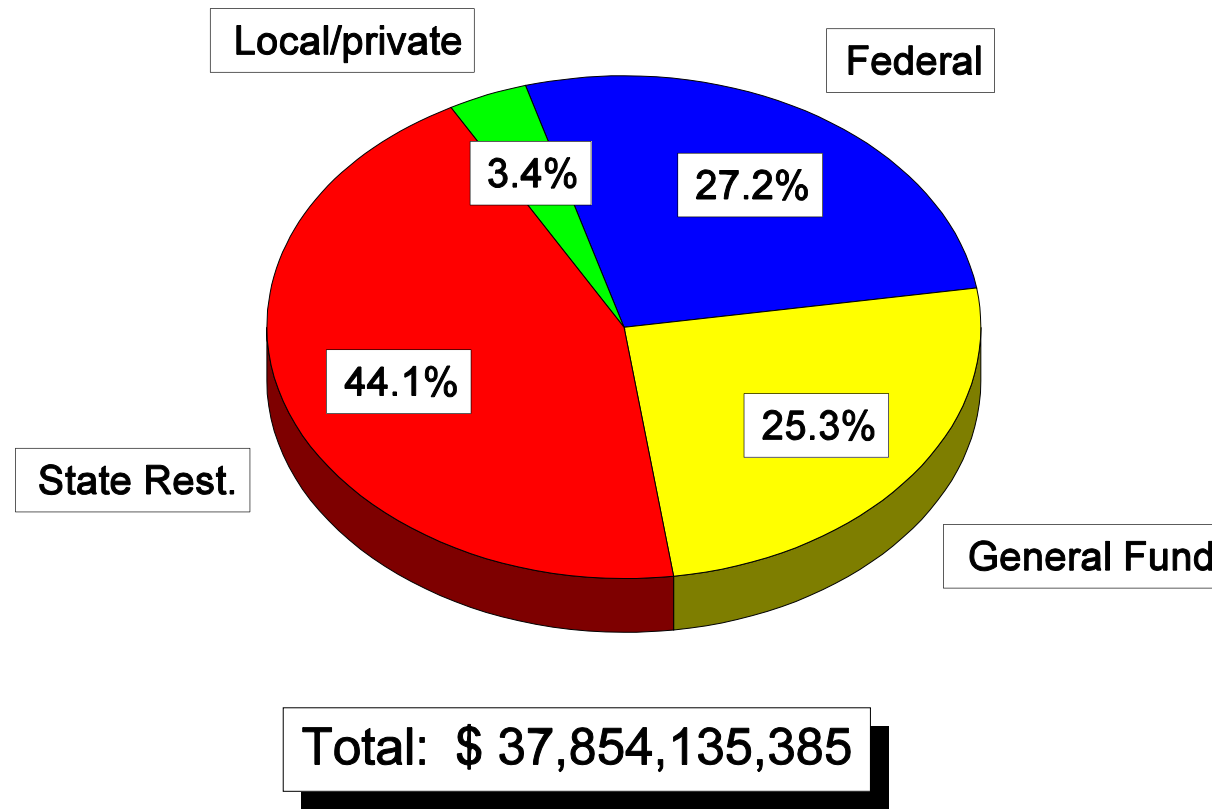


Table B

<b>ADJUSTED GROSS APPROPRIATIONS FY 2000-01 VERSUS FY 2001-02 (Actual Dollars)</b>				
<b>Department/Budget Area</b>	<b>FY 2000-01 Year-to-Date Appropriations</b>	<b>FY 2001-02 Year-to-Date Appropriations</b>	<b>Dollar Difference</b>	<b>Percent Change</b>
Agriculture	\$110,713,600	\$88,786,500	(\$21,927,100)	(19.8)%
Attorney General	52,415,364	55,004,200	2,588,836	4.9
Capital Outlay	455,771,100	492,557,700	36,786,600	8.1
Career Development	547,387,700	528,776,500	(18,611,200)	0.0
Civil Rights	15,200,900	15,527,000	326,100	2.1
Civil Service	30,260,600	27,349,200	(2,911,400)	(9.6)
Community Colleges	325,011,719	324,596,319	(415,400)	(0.1)
Community Health	8,518,471,300	8,587,495,800	69,024,500	0.8
Consumer and Industry Services	543,729,600	560,336,700	16,607,100	3.1
Corrections	1,699,305,700	1,731,701,400	32,395,700	1.9
Education	929,476,900	996,159,000	66,682,100	7.2
Environmental Quality (Operations)	392,605,600	397,750,000	5,144,400	1.3
Environmental Quality (CMI Bond)	89,598,000	60,266,000	(29,332,000)	(32.7)
Executive	5,651,200	5,709,800	58,600	1.0
Family Independence Agency	3,717,549,800	3,833,417,300	115,867,500	3.1
Higher Education	1,910,550,908	1,947,842,366	37,291,458	2.0
History, Arts, and Libraries	0	41,876,200	41,876,200	100.0
Judiciary	233,305,500	243,221,700	9,916,200	4.3
Legislative Auditor General*	13,450,100	0	(13,450,100)	(100.0)
Legislature	106,420,700	129,376,200	22,955,500	21.6
Library of Michigan	39,916,700	39,308,100	(608,600)	(1.5)
Management & Budget	102,981,700	89,480,600	(13,501,100)	(13.1)
Military and Veteran Affairs	102,611,500	102,947,600	336,100	0.3
Natural Resources (Operations)	257,942,100	253,410,100	(4,532,000)	(1.8)
Natural Resources (CMI Bond)	46,742,100	0	(46,742,100)	(100.0)
Natural Resources Trust Fund	38,240,400	37,601,200	(639,200)	0.0
School Aid	10,892,285,000	11,458,313,400	566,028,400	5.2
State	134,073,400	126,512,100	(7,561,300)	(5.6)
State Police	410,618,450	394,906,300	(15,712,150)	(2.3)
Strategic Fund Agency	225,817,100	178,946,200	(46,870,900)	0.0
Transportation	3,026,013,725	3,076,412,900	50,399,175	1.7
Treasury (Debt Service)	91,570,500	105,995,000	14,424,500	15.8
Treasury (Operations)	350,825,800	345,750,000	(5,075,800)	(1.4)
Treasury (Revenue Sharing)	1,555,500,000	1,577,800,000	22,300,000	1.4
<b>TOTAL APPROPRIATIONS</b>	<b>\$36,972,014,766</b>	<b>\$37,854,135,385</b>	<b>\$882,120,619</b>	<b>2.4%</b>
* The appropriation for the Legislative Auditor General is transferred to a line item under the Legislature.				

Figure 2

## Adjusted Gross FY 2001-02 Enacted Appropriations

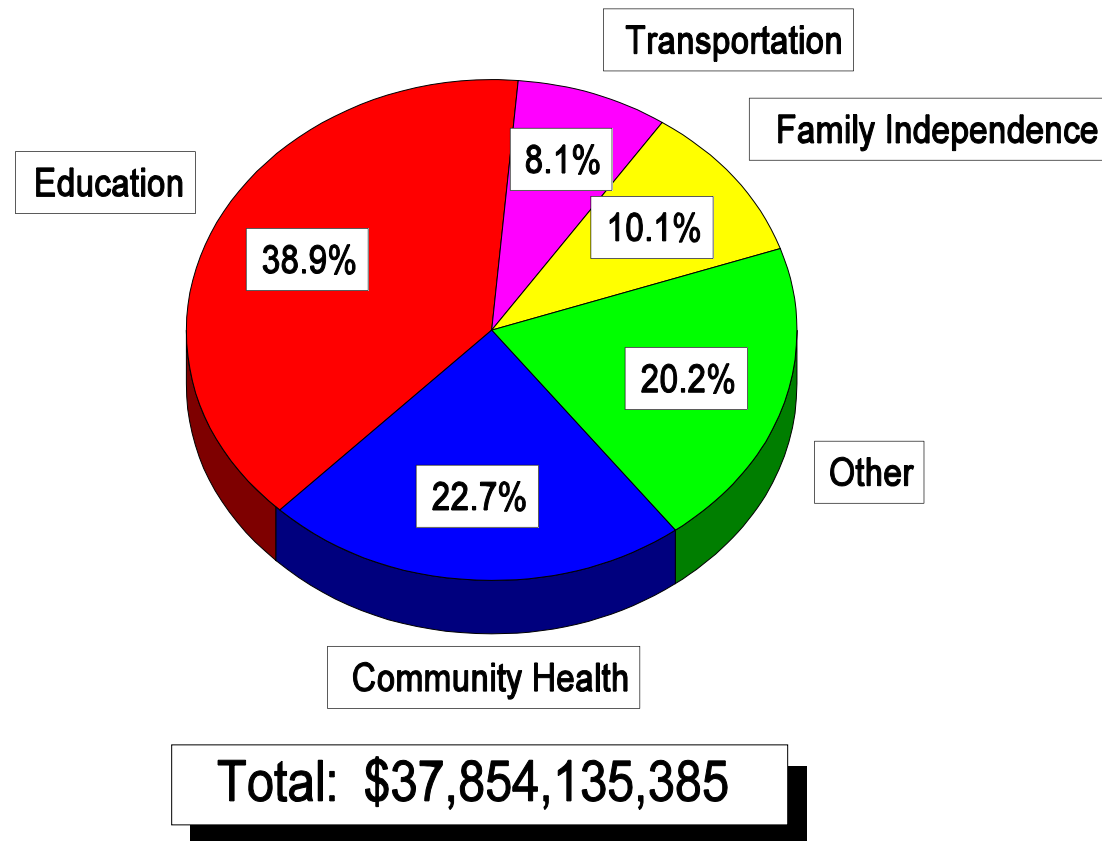


Table C

<b>STATE SPENDING FROM STATE RESOURCES</b> <b>FY 2000-01 VERSUS FY 2001-02</b> <b>(Actual Dollars)</b>				
<b>Department/Budget Area</b>	<b>FY 2000-01 Year-to-Date Appropriations</b>	<b>FY 2001-02 Year-to-Date Appropriations</b>	<b>Dollar Difference</b>	<b>Percent Change</b>
Agriculture	\$95,327,200	\$81,784,600	(\$13,542,600)	(14.2)%
Attorney General	43,645,800	46,207,800	2,562,000	5.9
Capital Outlay	327,926,900	358,975,700	31,048,800	9.5
Career Development	40,827,200	47,702,100	6,874,900	0.0
Civil Rights	14,266,900	14,593,000	326,100	2.3
Civil Service	23,631,500	20,720,100	(2,911,400)	(12.3)
Community Colleges	325,011,719	324,596,319	(415,400)	(0.1)
Community Health	3,059,180,000	2,996,826,400	(62,353,600)	(2.0)
Consumer and Industry Services	291,017,700	319,642,200	28,624,500	9.8
Corrections	1,670,464,800	1,703,319,400	32,854,600	2.0
Education	48,742,900	48,008,900	(734,000)	(1.5)
Environmental Quality (Operations)	261,038,200	264,905,400	3,867,200	1.5
Environmental Quality (CMI Bond)	89,598,000	60,266,000	(29,332,000)	(32.7)
Executive	5,651,200	5,709,800	58,600	1.0
Family Independence Agency	1,267,079,500	1,233,211,800	(33,867,700)	(2.7)
Higher Education	1,906,650,908	1,942,942,366	36,291,458	1.9
History, Arts, and Libraries	0	38,819,400	38,819,400	100.0
Judiciary	226,320,400	236,103,100	9,782,700	4.3
Legislative Auditor General*	13,450,100	0	(13,450,100)	(100.0)
Legislature	106,020,700	128,976,200	22,955,500	21.7
Library of Michigan	35,284,300	34,675,700	(608,600)	(1.7)
Management & Budget	102,331,200	89,100,300	(13,230,900)	(12.9)
Military and Veteran Affairs	64,635,900	65,083,500	447,600	0.7
Natural Resources (Operations)	230,940,300	223,199,600	(7,740,700)	(3.4)
Natural Resources (CMI Bond)	46,742,100	0	(46,742,100)	(100.0)
Natural Resources Trust Fund	38,240,400	37,601,200	(639,200)	0.0
School Aid	10,732,285,000	11,255,313,400	523,028,400	4.9
State	130,449,100	125,208,400	(5,240,700)	(4.0)
State Police	368,320,050	347,781,600	(20,538,450)	(5.1)
Strategic Fund Agency	115,324,900	115,161,800	(163,100)	0.0
Transportation	2,103,971,100	2,110,129,000	6,157,900	0.3
Treasury (Debt Service)	90,870,500	105,295,000	14,424,500	15.9
Treasury (Operations)	315,079,900	311,309,900	(3,770,000)	(1.2)
Treasury (Revenue Sharing)	1,555,500,000	1,577,800,000	22,300,000	1.4
<b>TOTAL APPROPRIATIONS</b>	<b>\$25,745,826,377</b>	<b>\$26,270,969,985</b>	<b>\$525,143,608</b>	<b>2.0%</b>
* The appropriation for the Legislative Auditor General is transferred to a line item under the Legislature.				

Figure 3

## State Spending from State Resources FY 2001-02 Enacted Appropriations

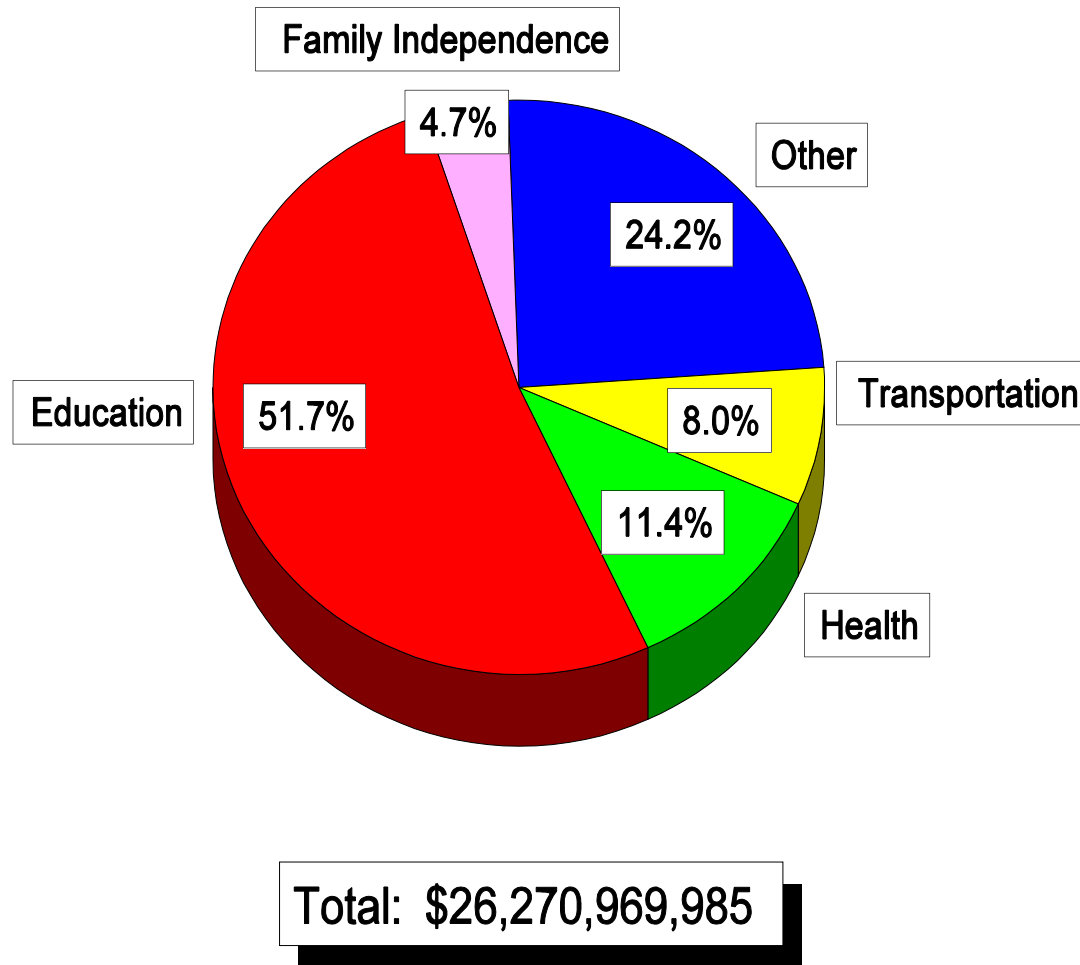


Table D

<b>GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS</b> <b>FY 2000-01 VERSUS FY 2001-02</b> <b>(Actual Dollars)</b>				
<b>Department/Budget Area</b>	<b>FY 2000-01 Year-to-Date Appropriations</b>	<b>FY 2001-02 Year-to-Date Appropriations</b>	<b>Dollar Difference</b>	<b>Percent Change</b>
Agriculture	\$51,794,600	\$43,719,500	(\$8,075,100)	(15.6)%
Attorney General	35,271,000	37,335,900	2,064,900	5.9
Capital Outlay	292,479,700	315,866,700	23,387,000	8.0
Career Development	30,331,400	36,257,600	5,926,200	19.5
Civil Rights	14,266,900	14,593,000	326,100	2.3
Civil Service	12,373,900	11,217,200	(1,156,700)	(9.3)
Community Colleges	315,011,719	319,596,319	4,584,600	1.5
Community Health	2,673,556,200	2,645,961,900	(27,594,300)	(1.0)
Consumer and Industry Services	83,343,500	42,771,800	(40,571,700)	(48.7)
Corrections	1,619,600,500	1,654,353,900	34,753,400	2.1
Education	35,155,300	33,972,900	(1,182,400)	(3.4)
Environmental Quality (Operations)	99,406,600	101,007,900	1,601,300	1.6
Executive	5,651,200	5,709,800	58,600	1.0
Family Independence Agency	1,216,438,300	1,179,977,900	(36,460,400)	(3.0)
Higher Education	1,785,850,608	1,812,668,516	26,817,908	1.5
History, Arts, and Libraries	0	36,658,900	36,658,900	100.0
Judiciary	170,316,800	179,814,200	9,497,400	5.6
Legislative Auditor General*	13,183,500	0	(13,183,500)	(100.0)
Legislature	104,978,900	127,497,600	22,518,700	21.5
Library of Michigan	35,197,400	34,588,800	(608,600)	(1.7)
Management & Budget	56,026,000	46,177,100	(9,848,900)	(17.6)
Military and Veteran Affairs	41,647,700	41,831,100	183,400	0.4
Natural Resources (Operations)	53,678,800	52,083,400	(1,595,400)	(3.0)
School Aid	385,613,500	205,613,500	(180,000,000)	(46.7)
State	66,804,600	60,756,500	(6,048,100)	(9.1)
State Police	321,355,600	300,170,000	(21,185,600)	(6.6)
Strategic Fund Agency	65,274,900	65,111,800	(163,100)	(0.2)
Treasury (Debt Service)	90,870,500	105,295,000	14,424,500	15.9
Treasury (Operations)	69,103,000	62,095,800	(7,007,200)	(10.1)
<b>TOTAL APPROPRIATIONS</b>	<b>\$9,744,582,627</b>	<b>\$9,572,704,535</b>	<b>(\$171,878,092)</b>	<b>(1.8)%</b>
* The appropriation for the Legislative Auditor General is transferred to a line item under the Legislature.				

Figure 4

## General Fund/General Purpose FY 2001-02 Enacted Appropriations

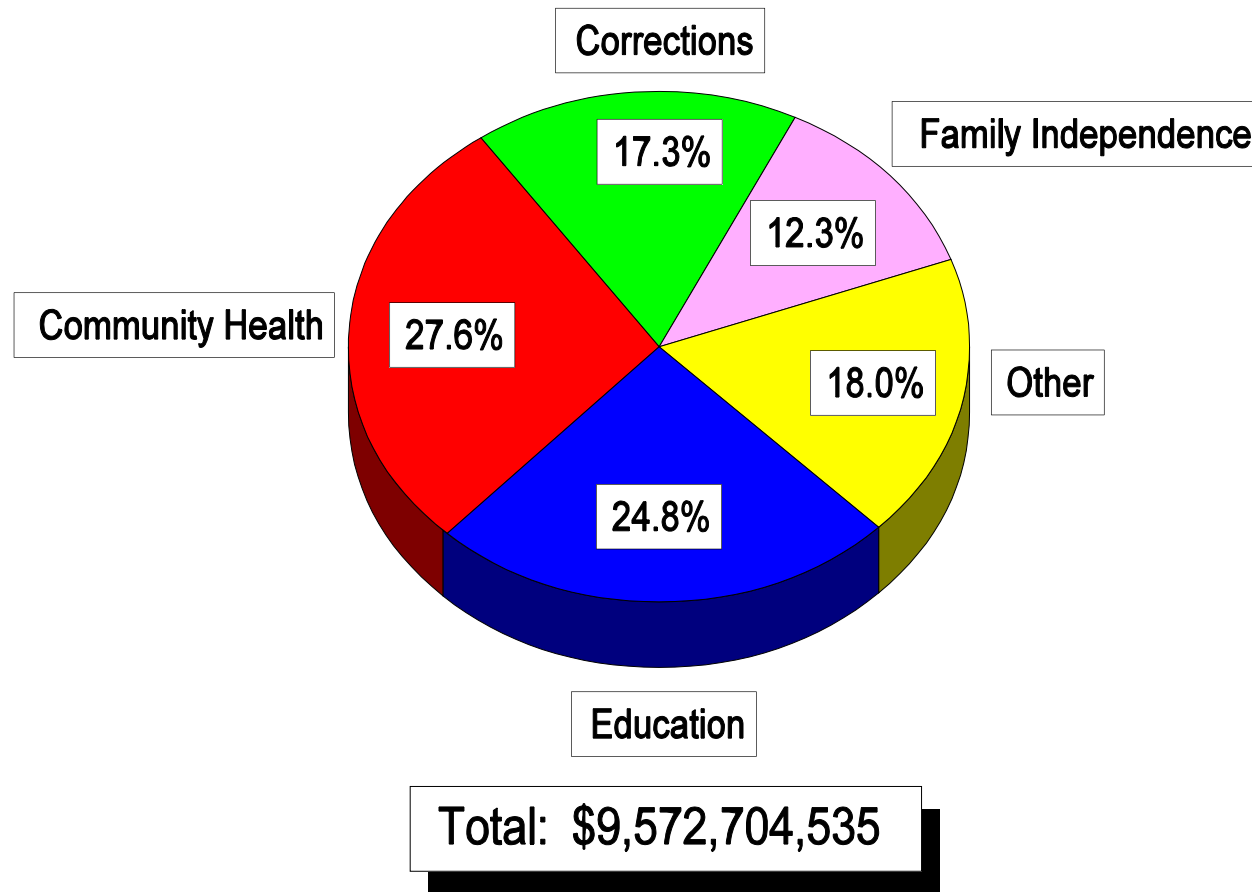




Table E

FY 2001-02 STATE BUDGET LINE-ITEM VETOES (actual dollars)		
Department/Item	Adjusted Gross	General Fund/ General Purpose
<b><u>Agriculture</u></b>		
Michigan Festivals	\$(50,000)	\$ 0
Milk Vending Machines	(25,000)	(25,000)
Biotechnology Institute	(200,000)	(200,000)
<b><u>Career Development</u></b>		
Multicultural Career Training Programs	(100,000)	0
<b><u>Community Health</u></b>		
Early Childhood Collaborative Secondary Prevention	(1,750,000)	(1,750,000)
Senior Olympics	(100,000)	(100,000)
Clinton River Pollution Study	(50,000)	(50,000)
Cancer Prevention Projects	(3,000,000)	(1,500,000)
African/American Health Conference	(100,000)	(100,000)
Pregnancy Support Services for Higher Education	(200,000)	(200,000)
Children's Respite Care Services	(249,900)	(249,900)
Elementary School Based Health Services	(1,500,000)	(1,500,000)
Bay County Library-Disability Services	(200,000)	(200,000)
Beaver Island Health Clinic	(1,500,000)	(1,500,000)
Nursing Home Liability Insurance Funding Pool	(1,000,000)	(436,400)
Michigan Athletic Institute	(125,000)	(125,000)
<b><u>Consumer and Industry Services</u></b>		
Fire Protection Grants	(9,421,000)	(9,421,000)
<b><u>Family Independence Agency</u></b>		
Day Care Special Project	(100,000)	0
State Emergency Relief Special Contracts	(100,000)	0
<b><u>Michigan Strategic Fund</u></b>		
Southwest Michigan Innovation Center	(3,000,000)	(3,000,000)
Oscoda/Wurtsmith Airport Authority	(1,500,000)	(1,500,000)
<b><u>School Aid</u></b>		
Golden Apple Awards	8,000,000	0
Adult Learning Programs	20,000,000	0
<b><u>State Police</u></b>		
Secondary Road Patrol Grants	(6,523,200)	(6,523,200)
Bureau of Aeronautics Safety Officer	(21,000)	0
<b><u>Transportation</u></b>		
Critical Bridge Program	(24,000,000)	0
Macomb County Bridge Projects	(3,000,000)	0
University Road Improvement Program	(1,000,000)	0
Specific Transportation Projects	(4,750,000)	0
Bureau of Aeronautics Safety Officer	(21,000)	0
<b><u>Treasury</u></b>		
Revenue Sharing Grants to Counties	(1,800,000)	0
<b>TOTAL LINE-ITEM VETOES</b>	<b>\$(37,386,100)</b>	<b>\$(28,380,500)</b>

Table F

FEE INCREASES INCLUDED IN ENACTED FY 2001-02 BUDGET		
Department/Budget Area	Type of Fee	Fee Revenue Included in FY 2001-02 Budget
Agriculture	Pesticide Control Fees	\$225,000
Consumer & Industry Services	Fire Safety Inspection Fees	521,700
Environmental Quality	Septage Waste Fees	1,550,000
Natural Resources	Snowmobile Trail Permit Fees	900,000
State Police	Concealed Weapons Application Fees	1,140,000
<b>TOTAL FEE INCREASES .....</b>		<b>\$4,336,700</b>

Table G

TOBACCO SETTLEMENT APPROPRIATIONS/REVENUES (dollars in millions)	
	FY 2001-02
<b>MERIT AWARD TRUST FUND</b>	
<u>Appropriations</u>	
<b>Community Colleges:</b>	
Postsecondary Access Student Scholarship .....	\$ 5.0
<b>Higher Education:</b>	
Merit Award Scholarships .....	125.0
Tuition Incentive Program .....	5.3
<b>Department of Treasury:</b>	
Michigan Education Assessment Program .....	16.5
Merit Award Board .....	2.0
Tuition Incentive Program Administration .....	0.4
Michigan Education Savings Program .....	2.0
Transfer to General Fund .....	\$72.5
<b>Total Merit Award Trust Fund Appropriations .....</b>	<b>\$228.7</b>
<b>Merit Award Trust Fund Revenues:</b>	
Beginning Balance .....	3.7
Current Year Revenues .....	240.8
Trust Fund Interest .....	5.0
Total Revenues .....	249.5
<b>MERIT AWARD TRUST FUND BALANCE .....</b>	<b>\$20.8</b>
<b>TOBACCO SETTLEMENT TRUST FUND</b>	
<u>Appropriations</u>	
<b>Department of Career Development:</b>	
Council of Michigan Foundations .....	6.0
<b>Department of Community Health:</b>	
Senior Prescription Drug Program .....	45.0
Personal Needs Allowance .....	5.0
Long-Term Care Health Advisor .....	3.0
Respite Care Services .....	5.0
Local Indigent Medical Care .....	10.0
Medicaid Base Funding .....	30.0
<b>Strategic Fund Agency:</b>	
Health Research/Development (Life Sciences) .....	50.0
Lapse to General Fund .....	3.0
<b>Total Tobacco Settlement Trust Fund .....</b>	<b>157.0</b>
<b>Tobacco Settlement Trust Fund Revenues:</b>	
Beginning Balance .....	89.9
Current Year Revenues .....	80.3
Trust Fund Interest .....	5.5
Total Revenues .....	175.7
<b>TOBACCO SETTLEMENT TRUST FUND BALANCE .....</b>	<b>\$18.7</b>

Table H

<b>FY 2001-02</b> <b>GENERAL FUND/GENERAL PURPOSE</b> <b>REVENUES, EXPENDITURES AND YEAR-END BALANCE</b> <b>(millions of dollars)</b>	
	<b>SFA Estimate</b>
<b>REVENUES:</b>	
Beginning Balance .....	\$ 0.0
Baseline Revenue Estimate .....	10,043.7
Nonbaseline Revenue Adjustments .....	(773.4)
Merit Award Trust Fund Transfer .....	72.5
Tobacco Settlement Trust Fund Transfer .....	3.0
Revenue Sharing Increase-1.5% .....	50.0
Tax Amnesty Program .....	20.4
Treasury Technology-Delinquent Tax Revenue .....	2.5
Budget Stabilization Fund Withdrawal (PA 112 of 2001) ....	155.0
<b>TOTAL REVENUES</b> .....	<b>\$9,573.7</b>
<b>EXPENDITURES:</b>	
GF/GP Appropriations .....	\$9,367.1
School Aid GF/GP Grant (PA 297 of 2000) .....	205.6
<b>TOTAL EXPENDITURES</b> .....	<b>\$9,572.7</b>
<b>PROJECTED YEAR-END BALANCE</b> .....	<b>\$ 1.0</b>

Table I

<b>FY 2001-02</b> <b>SCHOOL AID FUND</b> <b>REVENUES, EXPENDITURES AND YEAR-END BALANCE</b> <b>(millions of dollars)</b>	
	<b>SFA Estimate</b>
<b>REVENUES:</b>	
Beginning Balance .....	\$ 568.5
Baseline Consensus Revenue Estimate .....	10,491.3
Nonbaseline Revenue Adjustments .....	(36.6)
General Fund/General Purpose .....	205.6
Budget Stabilization Fund Withdrawal .....	32.0
Federal Aid .....	203.0
<b>TOTAL AVAILABLE REVENUES .....</b>	<b>\$11,463.8</b>
<b>EXPENDITURES:</b>	
Original Appropriation (PA 297 of 2000) .....	\$11,521.0
Pending Supplemental Appropriation (PA 121 of 2001) .....	(62.8)
<b>TOTAL EXPENDITURES .....</b>	<b>\$11,458.2</b>
<b>PROJECTED YEAR-END BALANCE .....</b>	<b>\$ 5.6</b>

Table J

<b>FULL-TIME EQUATED POSITIONS FY 2000-01 VERSUS FY 2001-02</b>				
<b>Department/Budget Area</b>	<b>FY 2000-01 Year-to-Date Positions</b>	<b>FY 2001-02 Year-to-Date Positions</b>	<b>Position Change</b>	<b>Percent Change</b>
Agriculture	660.5	647.5	(13.0)	(2.0)%
Attorney General	595.0	595.0	0.0	0.0
Career Development	1,139.0	1,141.0	2.0	0.0
Civil Rights	166.5	166.5	0.0	0.0
Civil Service	230.5	230.5	0.0	0.0
Community Colleges	0.0	0.0	0.0	0.0
Community Health	6,258.1	6,201.1	(57.0)	(0.9)
Consumer and Industry Services	4,182.4	4,178.4	(4.0)	(0.1)
Corrections	19,768.8	19,390.5	(378.3)	(1.9)
Education	457.6	455.0	(2.6)	(0.6)
Environmental Quality	1,631.7	1,672.7	41.0	2.5
Executive	75.0	75.0	0.0	0.0
Family Independence Agency	13,499.6	13,499.6	0.0	0.0
Higher Education	1.0	1.0	0.0	0.0
History, Arts, and Libraries	0.0	0.0	0.0	0.0
Judiciary	590.5	591.5	1.0	0.2
Legislative Auditor General*	0.0	0.0	0.0	0.0
Legislature	0.0	0.0	0.0	0.0
Library of Michigan	0.0	0.0	0.0	0.0
Management & Budget	961.5	919.5	(42.0)	(4.4)
Military and Veteran Affairs	1,081.0	1,083.5	2.5	0.2
Natural Resources (Operations)	2,239.5	2,177.5	(62.0)	(2.8)
School Aid	0.0	0.0	0.0	0.0
State	2,048.0	1,973.3	(74.7)	(3.6)
State Police	3,618.5	3,648.5	30.0	0.8
Strategic Fund Agency	235.0	234.0	(1.0)	(0.4)
Transportation	3,176.3	3,176.3	0.0	0.0
Treasury (Operations)	1,986.5	1,995.5	9.0	0.5
<b>TOTAL POSITIONS</b>	<b>64,602.5</b>	<b>64,053.4</b>	<b>(549.1)</b>	<b>(0.8)%</b>
* The appropriation for the Legislative Auditor General is transferred to a line item under the Legislature.				

Figure 5

## Full-Time Equated Positions FY 2001-02 Enacted Appropriations

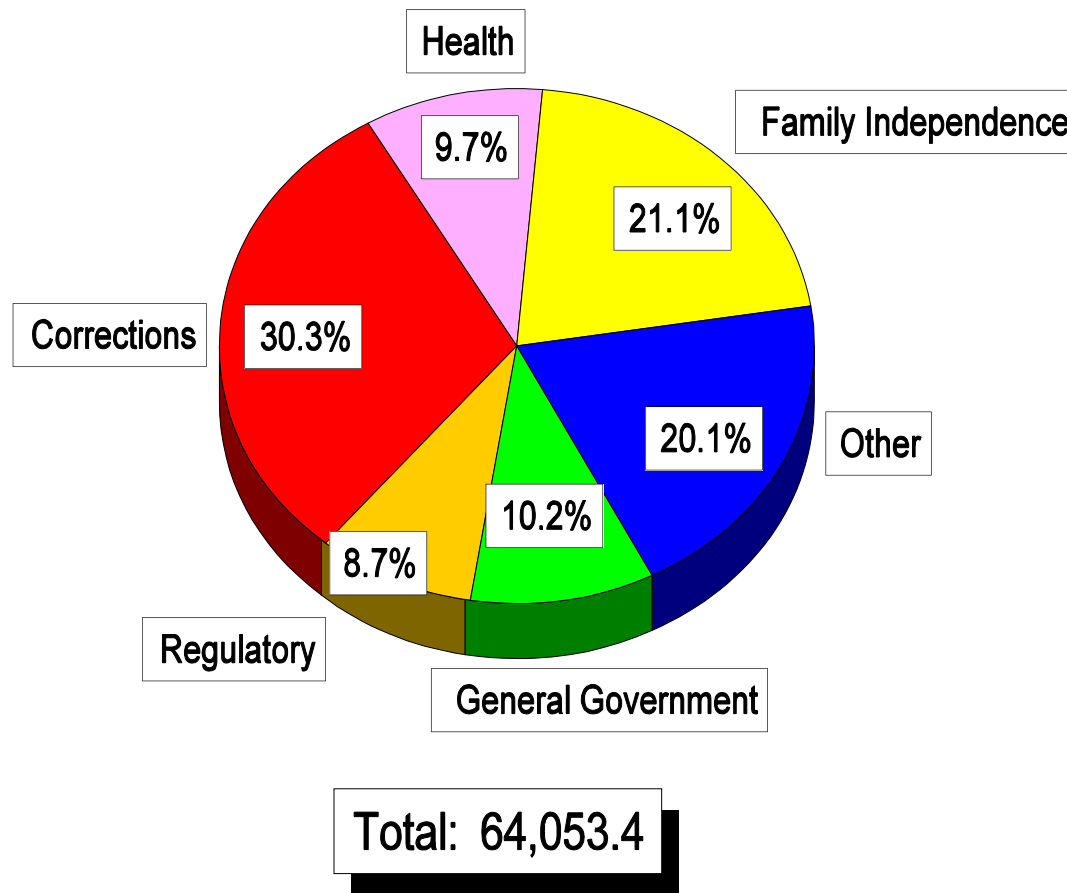


Table K

<b>STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT</b> <b>ARTICLE IX, SECTION 30 REQUIREMENT</b> <b>(Millions of Dollars)</b>		
	<b>2000-01 Estimate</b>	<b>2001-02 Estimate</b>
State Spending from State Resources <sup>1)</sup> .....	\$25,715.3	\$26,227.5
Required Payments to Local Units of Government (48.97%) .....	\$12,592.8	\$12,843.6
Estimated Payments to Local Units of Government .....	\$15,329.6	\$15,825.9
Estimated Payments as a Percentage of Total State Spending .....	59.61%	60.34%
Surplus of Section 30 Payments .....	\$2,736.8	\$2,982.3
<sup>1)</sup> Excludes \$45.0 million of unrestricted Federal aid.		



Table L

<b>STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT</b> <b>FY 2000-01 VERSUS FY 2001-02</b> <b>(Actual Dollars)</b>				
<b>Department/Budget Area</b>	<b>FY 2000-01 Year-to- Date Appropriations</b>	<b>FY 2001-02 Year-to- Date Appropriations</b>	<b>Dollar Difference</b>	<b>Percent Change</b>
Agriculture	\$4,500,000	\$4,534,400	\$34,400	0.8
Attorney General	0	0	\$0	0.0
Capital Outlay	63,496,500	28,125,000	(35,371,500)	(55.7)
Career Development	0	0	0	0.0
Civil Rights	0	0	0	0.0
Civil Service	0	0	0	0.0
Community Colleges	315,011,719	319,596,319	4,584,600	1.5
Community Health	1,027,454,000	997,238,400	(30,215,600)	(2.9)
Consumer and Industry Services	33,921,000	12,500,000	(21,421,000)	(63.1)
Corrections	81,056,300	81,843,800	787,500	1.0
Education	14,704,400	15,299,200	594,800	4.0
Environmental Quality (Operations)	6,529,900	5,075,000	(1,454,900)	(22.3)
Environmental Quality (CMI Bond)	16,500,000	0	(16,500,000)	(100.0)
Executive	0	0	0	0.0
Family Independence Agency	142,932,000	173,288,400	30,356,400	21.2
Higher Education	4,670,654	4,050,073	(620,581)	0.0
History, Arts, and Libraries	0	15,000,000	15,000,000	0.0
Judiciary	115,265,800	116,832,900	1,567,100	1.4
Legislative Auditor General*	0	0	0	0.0
Legislature	115,265,800	116,832,900	1,567,100	1.4
Library of Michigan	21,783,200	21,271,500	(511,700)	(2.3)
Management & Budget	0	0	0	0.0
Military and Veteran Affairs	120,000	120,000	0	0.0
Natural Resources (Operations)	24,668,700	22,587,900	(2,080,800)	(8.4)
Natural Resources (CMI Bond)	0	0	0	0.0
Natural Resources Trust Fund	22,319,206	19,749,200	(2,570,006)	(11.5)
School Aid	10,465,060,000	10,975,871,600	510,811,600	4.9
State	69,800	69,800	0	0.0
State Police	20,120,300	19,905,000	(215,300)	(1.1)
Strategic Fund Agency	0	21,000,000	21,000,000	0.0
Transportation	1,171,873,500	1,182,055,400	10,181,900	0.9
Treasury (Debt Service)	0	0	0	0.0
Treasury (Operations)	92,271,300	95,222,600	2,951,300	3.2
Treasury (Revenue Sharing)	1,555,500,000	1,577,800,000	22,300,000	1.4
<b>TOTAL APPROPRIATIONS</b>	<b>\$15,315,094,079</b>	<b>\$15,825,869,392</b>	<b>\$510,775,313</b>	<b>3.3%</b>
* The appropriation for the Legislative Auditor General is transferred to a line item under the Legislature.				

Table M

<b>PUBLIC ACT 120 OF 2001</b> <b>SUPPLEMENTAL APPROPRIATIONS</b> <b>(actual dollars)</b>		
<b>Department/Item</b>	<b>Gross</b>	<b>GF/GP</b>
<b><u>FY 2000-01 APPROPRIATIONS</u></b>		
<b>Agriculture</b>		
Agricultural Development Fund	\$5,000,000	\$ 0
Specialty Crop Program	4,084,000	0
Value Added Processing Ethanol	5,000,000	5,000,000
Agricultural Development	250,000	0
<b>Environmental Quality</b>		
Executive Direction	220,000	0
Submerged Log Recovery Program	80,000	0
<b>Higher Education</b>		
Wayne State University-Perinatal Research	3,000,000	0
<b>TOTAL FY 2000-01 APPROPRIATIONS</b>	<b>\$17,634,000</b>	<b>\$5,000,000</b>

PUBLIC ACT 120 OF 2001 SUPPLEMENTAL APPROPRIATIONS (actual dollars)		
Department/Item	Gross	GF/GP
<b><u>FY 2001-02 APPROPRIATIONS</u></b>		
<b>Career Development</b>		
Focus HOPE	\$ 450,000	\$ 450,000
<b>Community Health</b>		
Cancer Prevention and Control	1,500,000	0
<b>Environmental Quality</b>		
Clean Michigan Initiative	61,014,000	0
<b>Family Independence Agency</b>		
Food Stamp Program	197,800,000	0
State Emergency Relief	610,500	610,500
Budgetary Savings	(610,500)	(610,500)
<b>History, Arts, and Libraries</b>		
Departmental Operations	708,600	708,600
Council for Arts and Cultural Affairs	25,956,600	25,256,600
Arts and Cultural Supplemental Grants	2,500,000	2,500,000
Museum of African/American History	1,000,000	1,000,000
Mackinac Island State Park Commission	3,407,700	1,947,200
Michigan Historical Program	8,303,300	5,246,500
<b>Legislature</b>		
Legislative Council	753,700	753,700
Capitol Building	461,400	461,400
<b>Library of Michigan</b>		
Operations	117,700	117,700
Library and Historical Center Operations	(461,400)	(461,400)
Library Automation	(228,300)	(228,300)
<b>Michigan Strategic Fund</b>		
Capital Access Program	1,000,000	1,000,000
<b>Natural Resources</b>		
Michigan Natural Resources Trust Fund	37,601,200	0
<b>State Police</b>		
Secondary Road Patrol Grants	5,980,000	5,980,000
<b>Treasury</b>		
Michigan Merit Award Administration	(2,500,000)	0
Pari-Mutuel Audits	0	(240,000)
<b>TOTAL FY 2001-02 APPROPRIATIONS</b>	<b>\$345,364,500</b>	<b>\$44,492,000</b>

Table N

PUBLIC ACT 121 OF 2001 SUPPLEMENTAL APPROPRIATIONS (actual dollars)		
Department/Item	Gross	GF/GP
<b><u>FY 2000-01 APPROPRIATIONS</u></b>		
<b>School Aid</b>		
Infrastructure Grants	\$(34,000,000)	\$ 0
Proposal A Obligation Payment	(30,000,000)	0
Discretionary Payment	53,000,000	0
School Lunch Programs	500,000	20,100
School Readiness Full-Day Grants	(3,950,000)	(3,950,000)
Small Class Size Program	(3,100,000)	0
Summer School Program	(10,000,000)	0
Coordinating Counseling Services	(8,400,000)	0
Federal Special Education Grants	15,000,000	0
State Special Education Funding	(7,100,000)	0
Career Prep: Advanced Training Academies	(2,000,000)	(2,000,000)
Professional Development	(10,000,000)	0
<b>TOTAL FY 2000-01 APPROPRIATIONS</b>	<b>\$(40,050,000)</b>	<b>\$(5,929,900)</b>

<b>PUBLIC ACT 121 OF 2001 SUPPLEMENTAL APPROPRIATIONS (actual dollars)</b>		
<b>Department/Item</b>	<b>Gross</b>	<b>GF/GP</b>
<b><u>FY 2001-02 APPROPRIATIONS</u></b>		
<b>School Aid</b>		
Infrastructure Grants	(34,000,000)	0
Proposal A Obligation Payment	(32,900,000)	0
Discretionary Payment	57,200,000	0
Equity Payment	400,000	0
School Lunch Programs	500,000	80,700
At-Risk Program	(5,000,000)	0
Court-Placed Pupils	1,000,000	0
Parent Involvement and Education	(249,900)	(249,900)
School Readiness Full-Day Grants	(25,000,000)	(25,000,000)
Small Class Size Program	(3,100,000)	0
Reading Programs	(12,750,000)	(2,750,000)
Summer School Program	(38,000,000)	0
Coordinating Counseling Services	(10,000,000)	0
Detroit Public Schools Grant	15,000,000	0
Federal Special Education Grants	58,000,000	0
State Special Education Funding	(11,040,000)	0
Gifted and Talented	(1,000,000)	0
Vocational Education Technical Centers	(1,800,000)	(1,800,000)
Career Prep: Advanced Training Academies	(2,000,000)	(2,000,000)
Accreditation Assistance	(2,000,000)	(2,000,000)
Professional Development	(10,000,000)	0
Math and Science Centers	(1,000,000)	0
Adult Education	(5,000,000)	0
<b>TOTAL FY 2001-02 APPROPRIATIONS</b>	<b>(62,739,900)</b>	<b>(33,719,200)</b>